

Message Text

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ACTION ARA-17

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-07 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12 EB-11

COME-00 INT-08 SCEM-02 OMB-01 TRSE-00 CIEP-02 SPM-01

AID-20 OEP-01 RSR-01 /129 W
----- 019423

R 212200 Z JUN 73

FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 308

C O N F I D E N T I A L SECTION 1 OF 2 CARACAS 5408

E. O. 11652: GDS

TAGS: ENRG, SPOP

SUBJECT: VIEWS OF MIGUEL ANGEL CAPRILES ON POLITICS,
PETROLEUM, AND POPULATION

SUMMARY: AT LUNCHEON TODAY WITH MIGUEL ANGEL CAPRILES, IT SEEMED CLEAR THAT HE HAS MADE AN AGREEMENT WITH BOTH MAJOR PARTIES TO REMAIN ALOOF FROM POLITICS UNTIL AFTER THE PRESIDENTIAL ELECTIONS. HE IDENTIFIED THE MAIN PROBLEMS OF VENEZUELA AS THE FUTURE DEVELOPMENT OF THE ORINOCO PETROLEUM BELT AND CONTROL OF POPULATION, ADDING AS A THIRD OBSERVATION THAT VENEZUELA WOULD CONTINUE TO FAVOR AND PROTECT FOREIGN INVESTMENT. END SUMMARY.

1. MIGUEL ANGEL CAPRILES, ACTUAL HEAD OF THE CAPRILES CHAIN OF NEWSPAPERS AND MAGAZINES, ACCOMPANIED BY HIS YOUNGER BROTHER, CESAR, WHO IS ACTING HEAD, LUNCHEONED WITH ME TODAY. LIKEWISE PRESENT WERE FORRESTER, VENEZUELAN DESK OFFICER ; AND GARCIA, USIS INFORMATION OFFICER.

2. IN A LENGTHY REVIEW OF A NUMBER OF SUBJECTS, IT BECAME CLEAR THAT THE CAPRILES BROTHERS WILL MAINTAIN AN OVERT POSTURE OF NEUTRALITY IN THE PRESIDENTIAL ELECTIONS THIS YEAR, ALTHOUGH FROM THEIR REMARKS IT SEEMED ALSO CLEAR THAT THEY WERE,
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FROM A PRAGMATIC VIEW AT LEAST, NOW CLOSER TO CALDERA AND COMPANY THAN TO THE ADECOS. WE LEARN FROM OTHER SOURCES THAT PART OF THE DEAL BETWEEN CAPRILES SENIOR AND CALDERA FOR HIS RETURN FROM EXILE LAST SUMMER AND BRIEF SYMBOLIC IMPRISONMENT WAS THAT THE CAPRILES CHAIN WOULD REMAIN NEUTRAL IN THE CAMPAIGN. HOWEVER, I SUSPECT THAT SOME OTHER ENGAGEMENTS MAY HAVE BEEN MADE BY CAPRILES TO THE PRESIDENT AND THAT THEIR MUTUAL NEUTRALITY IS, TO SAY THE LEAST, A BENEVOLENT ONE.

3. AS OF THE PRESENT MOMENT, CAPRILES (AND HERE I MEAN MIGUEL ANGEL) SAID THAT CARLOS ANDRES PEREZ HAS THE APPARENT EDGE IN THE ELECTORAL RUNNING. HOWEVER, HE AGREED WITH ME THAT IT WAS FAIRLY IDLE AT THIS EARLY DATE TO SPECULATE ON WHO MIGHT BECOME VENEZUELA'S NEXT PRESIDENT. HE SAID WHILE IT WAS GENERALLY ACCEPTED THAT LARGE US CORPORATIONS (HERE READ CREOLE) WERE CONTRIBUTING TO CARLOS ANDRES PEREZ'S CAMPAIGN, IT WAS AT LAST ACCEPTED AS A FACT THAT USG AND THIS EMBASSY WERE NOT REPEAT NOT INVOLVED.

4. CAPRILES SAID THAT JOSE VICENTE RANGEL WAS COMING UP TO A SURPRISING DEGREE BUT THAT NATIONWIDE HE COULD NOT HOPE TO WIN MORE THAN TEN PER CENT OF THE ELECTORATE. HE SAID THAT TRADITIONALLY CARACAS VOTED AGAINST THE INCUMBENT PARTY AND THAT WERE IT NOT FOR FACT THAT PEREZ JIMENEZ HAD BEEN EXCLUDED FROM CANDIDATURE, COPEYANOS WOULD HAVE LITTLE CHANCE OF WINNING THE CAPITAL DISTRICT. ALL IN ALL, HE SEEMED TO DOUBT AS TO WHO IN FACT MIGHT EVENTUALLY BECOME THE NEXT PRESIDENT, ALTHOUGH WE HAD IMPRESSION THAT HE LEANED MORE TOWARD THE COPEYANOS THAN THE ADECOS.

5. COMING TO MORE IMPORTANT TOPICS, CAPRILES SAID THAT THE MAIN ISSUE IN US- VENEZUELAN RELATIONS WAS WHAT WOULD HAPPEN TO THE ORINOCO PETROLEUM BELT. I HERE GAVE HIM A RUNDOWN OF MY ASPIRATIONS TO NEGOTIATE A GOVERNMENT- TO- GOVERNMENT TREATY WHICH WOULD ESTABLISH EQUITABLE RULES OF THE GAME AND THEN LEAVE IT TO A SOVEREIGN VENEZUELAN GOVERNMENT TO NEGOTIATE WITH U. S. OR OTHER FOREIGN COMPANIES-- PROTECTED BY RULES OF THE GAME-- FOR THE DEVELOPMENT OF THE ORINOCO TAR SANDS.

6. CAPRILES, FOR A MAN OF HIS INTELLIGENCE, REVEALED A RATHER SURPRISING SELF- CONFIDENCE THAT VENEZUELA WAS CONFIDENTIAL

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" INDISPENSABLE" TO THE UNITED STATES AND THAT WE COULD SIMPLY NOT DO WITHOUT THE ORINOCO BELT. OF THIS I DISABUSED HIM. I SAID THAT UNDER PRESENT CIRCUMSTANCES, GIVEN THE LOW RECOVERABILITY OF ORINOCO OIL (TEN BARRELS OUT OF A HUNDRED), THE LARGE CAPITAL INVESTMENT REQUIRED, AND THE PRESENT INCERTITUDE RE VENEZUELAN NATIONALISM, THERE SHOULD BE NO REASON TO FEEL THAT THE UNITED STATES WAS GASPING FOR BREATH AND

COULD NOT DO WITHOUT ORINOCO BELT. I SAID THAT UNDER CURRENT PRICES, ONCE OIL REACHED SIX DOLLARS A BARREL IN THE UNITED STATES FROM ANY SOURCE, WE MIGHT AS WELL FROM AN ECONOMIC POINT OF VIEW TURN TO OUR OWN UNLIMITED SOURCES OF SHALE RATHER THAN TO TAKE THE UNCERTAIN RISKS OF OUTSIDE SUPPLY FROM VENEZUELA.

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FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 309

C O N F I D E N T I A L SECTION 2 OF 2 CARACAS 5408

7. AGAIN I WAS SURPRISED FROM SO INTELLIGENT AN INTERLOCUTOR AS CAPRILES TO FIND THAT HE TOOK RATHER SERIOUSLY THE POSSIBILITY OF U. S. ARMED INTERVENTION IN VENEZUELA TO PROTECT ITS SUPPOSED " INDISPENSABLE" INTERESTS IN THE ORINOCO BELT. (HERE HE MUST HAVE BEEN INFLUENCED BY PRESS REPORTS OF SENATOR FULBRIGHT'S RECENT REMARKS ABOUT ARMED INTERVENTION IN THE PERSIAN GULF.) I SAID THAT FIRST OF ALL WE HAD NO INTENTION OF MILITARY INTERVENTION ANYWHERE TO SECURE OUR OIL SUPPLIES; BUT IF INDEED WE HAD, IT WOULD SEEM MORE LOGICAL TO INTERVENE IN A PLACE WHERE THE OIL WAS OF A BETTER QUALITY AND LESS WELL DEFENDED THAN VENEZUELA, WHERE IN RETURN FOR MUCH OPPROBRIUM AND RISK WE WOULD MERELY ACQUIRE TENTATIVE POSSESSION OF A LARGE BLOB OF ASPHALT.

8. CAPRILES IDENTIFIED THE SECOND GREATEST PROBLEM OF VENEZUELA AS ITS PRESSURE OF POPULATION. HE SAID THAT BECAUSE OF ITS POLITICAL OVERTONES AND HIS " RETIREMENT FROM POLITICS" (SIC), HE HAD BOWED OUT OF HIS FORMERLY EXPRESSED

INTEREST IN HELPING ON THE POPULATION PROBLEM. HOWEVER,
HE NOTED WITH SATISFACTION THAT RECENTLY THE INDEX OF
REGISTERED BIRTHS HAD DECLINED FROM 3.6 PER THOUSAND TO
3.1, AND THOUGHT THAT THIS WAS A GOOD OMEN.

9. IN GENERAL, CAPRILES WAS OPTIMISTIC AS TO US- VENEZUELAN
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RELATIONS AND BLAMED HIS OWN COUNTRYMEN FOR SUCH
DETERIORATION IN THOSE RELATIONS WHICH HAD TAKEN PLACE OVER
THE PAST THREE YEARS. AS FOR FOREIGN INVESTMENT, HE SAID
THIS WAS STILL INDISPENSABLE TO HIS COUNTRY, AND THAT WE NEED
HAVE NO FEARS AS EITHER TO NATIONALIZATION OR THE
CONTINUED REQUIREMENT OF VENEZUELA FOR FOREIGN INVESTMENT,
AND HERE HE READ U. S. INVESTMENT.

10. COMMENT: UNDER HIS TRUCE AGREEMENT WITH CALDERA,
RATIFIED BY THE ADECOS, CAPRILES WILL BE UNTIL THE END OF
THIS YEAR OUT OF VENEZUELAN POLITICS. HOWEVER, WITH HIS KEEN
INTELLIGENCE, PERSONAL AMBITION, AND AMPLE RESOURCES,
I WOULD EXPECT HIM TO BE BACK INTO THE FRAY FOR HIS AND
INCIDENTALLY VENEZUELA'S ADVANTAGE ONCE THE NEXT ADMINISTRATION
HERE TAKES OVER.
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